

## **SOFIPROTEOL: 2022 ANNUAL REVIEW AND 2023 OUTLOOK**

### **High impact investments to meet the transition challenges**

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#### **2022: A challenging year for players in the agricultural and agri-food sectors.**

The two previous years, impacted by the Covid health crisis, highlighted the resilience of the agro-food sector. The economic upheaval following the conflict between Russia and Ukraine is putting the resilience of companies in this sector to the test. The widespread sharp rise in most of the production factors - energy, fertilizers, packaging, and transportation, together with the difficulty in passing on these costs downstream - have largely affected the entire food industry's value chain.

#### **Against this strained background, Sofiprotéol is maintaining its course, while strengthening its fundamentals.**

The successful **capital increase** in the amount of **€145M**, thanks to the commitment of our long-standing partners, reinforces the financial fundamentals of Avril's investment business unit. This transaction provides extended resources to serve the company's mission: accompanying the development of companies in the agricultural and food industry sectors in France and in Europe, while at the same time supporting the agricultural, food, and environmental transitions.

#### **In line with Avril's purpose: Serving the Earth, Sofiprotéol is working to improve the impact of its investments.**

Sofiprotéol's objective is to motivate our partners in a process of shared responsibility and progress. This approach allows for continuous development and is tailored to the needs of each partner. In concrete terms, a series of ESG indicators are defined in line with Avril's commitments towards health and safety, reducing carbon emissions, gender equality, and inclusiveness. KPI's specific to the sectors of activity in which Sofiprotéol operates are also determined in consultation with the companies concerned. These include, for example, criteria related to biodiversity in the upstream vegetable sector.

#### **The major and growing role of agriculture in meeting the challenges of transition.**

With a view towards sustainability and despite the current instability and lack of visibility in the sectors it supports, Sofiprotéol decided to maintain its existing investments and to carry out new structuring operations across the value chain in 2022.

In the upstream vegetable sector: in support of the emergence of new technologies promoting the resilience of agriculture and its agro-ecological transition, Sofiprotéol is continuing its commitment to **De Sangosse**, a key player in biosolutions for crop protection, plant nutrition, and pest control. The innovations carried out by the company enable us to create an impact on the upstream vegetable sector.

In addition, Avril's investment and development business unit is strengthening its commitment towards the development of the upstream animal sector. Sofiprotéol renewed and expanded its commitment to **Hendrix Genetics** with the aim of improving the technical, economic, and environmental performance of livestock.

Within the food processing activities, Sofiprotéol assisted **Terres du Sud** in its new project "**Land Development**". This will enable the company to accelerate investments in its industrial processing tools, to better enhance the value of its members' production, and to offer them high value-added services. By integrating social and environmental criteria, the financing granted by Sofiprotéol values the major issues of biocontrol, energy optimization, and work safety.

**Innovation plays a key role in the agricultural transition, enabling the competitiveness of value chains to improve.**

Sofiprotéol also financed **OKwind**, a company specialized in producing and consuming sustainable energy through short circuits, developing low-carbon solutions based on solar energy. This model promotes self-consumption of energy and generates additional revenue for the farming community.

Sofiprotéol also provided support to the Avril Foundation and Citizen Capital in the creation of the **Agri Impact Fund**. Its objective is to help farmers boost their revenue. Specifically, this fund supports on-farm biomethanization projects and, more broadly, initiatives to diversify the farm's businesses.

The transition in agriculture requires developing digital solutions adapted to the specificities of the sector. Sofiprotéol also participated in the second round of funding for the **AgDataHub** solution of API AGRO, the reference platform for exchanging and leveraging agricultural data.

**Contributing to the development of healthy, sustainable food was also one of our major priorities in 2022**

Sofiprotéol continued to support **Atelier Inové**, in order to assist in the development of its vegetable juice extraction business. The company also maintained its involvement in **Solina**, one of the world leaders in culinary and functional expertise for the food industry and the food service. **Solina** develops its expertise from the sourcing of ingredients to customised culinary, functional and nutritional solutions, favoring the local and natural approach.

**Staying the course amid a climate of uncertainty and instability for its holdings.**

The year 2023 opens with limited visibility, particularly regarding the outlook for raw material as well as energy prices and their volatility. Serious concerns about rising inflation and changes in purchasing power are also being expressed.

Given the challenging context, in which forecasts do not come easy, Sofiprotéol's long-term investor model makes sense. It remains focused on strengthening companies' equity capital, providing strategic support to shareholders and managers, and being attentive to social and environmental performance.

Sofiprotéol remains on course and continues to capitalize on its fundamentals: Pursue its role as a sector builder, contribute to the sustainability and competitiveness of agricultural techniques, and support the development of sustainable healthy food.

To this end, Sofiprotéol is increasing the territorial coverage of its investments, strengthening its CSR commitments, and accelerating its investments in innovation. This is an active, committed, and sustainable contribution to addressing the challenges of the agricultural, food, and environmental transitions.

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